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17 May 1956



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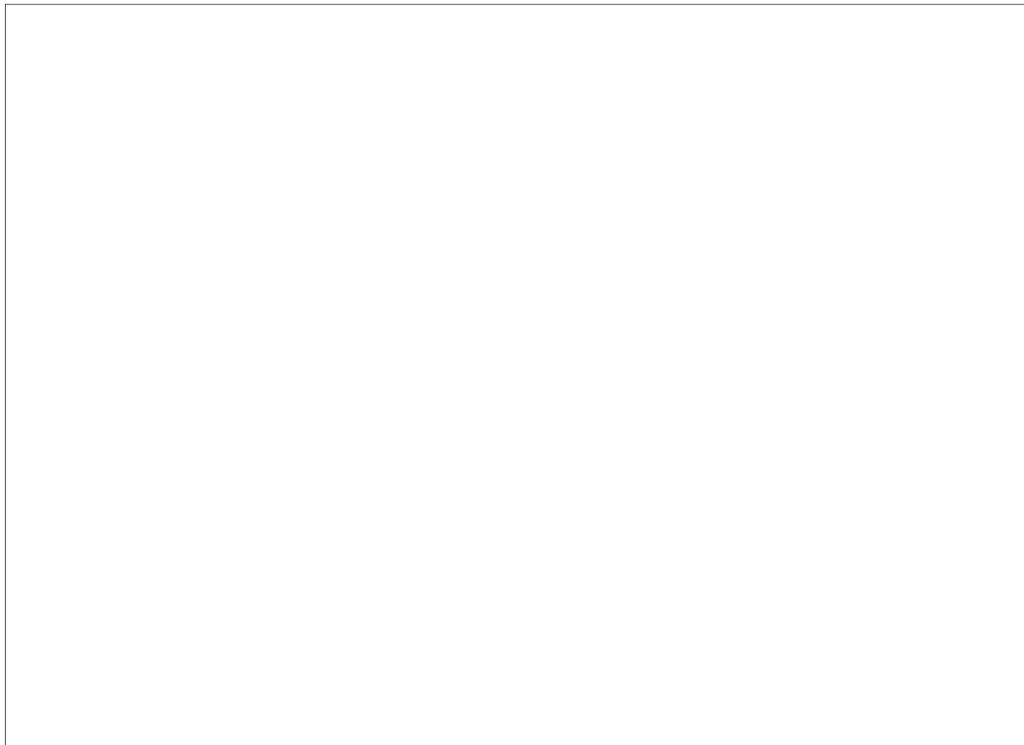
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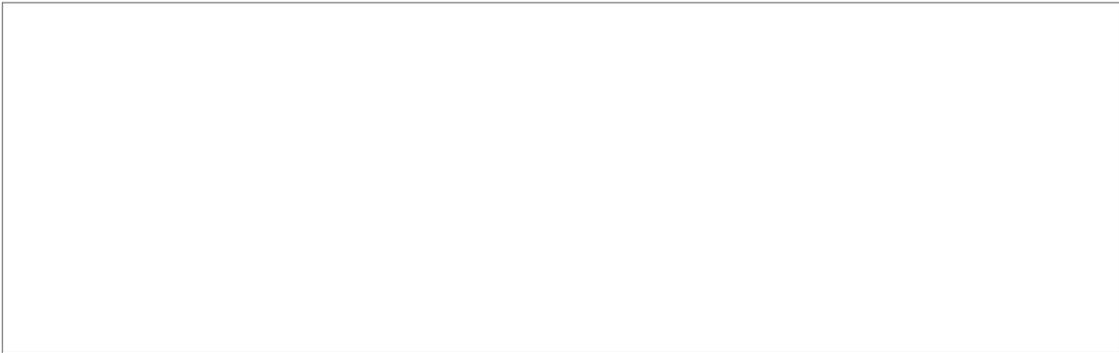
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1. **KHRUSHCHEV STRESSES IMPORTANCE OF GUIDED-MISSILE SUBMARINES**

[REDACTED] During his recent voyage to Great Britain, Soviet Communist Party leader Khrushchev reportedly told a British naval officer that submarines equipped with guided missiles are

[REDACTED] "the most suitable navy weapons," and that further development of such vessels will be emphasized by the Soviet navy. Khrushchev added that possession of this weapon would give the USSR the capability of making "defensive" attacks on the United States.

Khrushchev also stated that the USSR will not build aircraft carriers because the Soviet navy has a defensive role and therefore will not operate outside of land-based air cover.

Comment

Khrushchev told the British ambassador in March that the Soviet navy would be rearmed with quite different and more modern weapons. It appears unlikely that the cut of 375 ships from the Soviet navy announced on 14 May will in any way affect an intensive effort to equip the Soviet navy with the latest and most modern weapons. [REDACTED]

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2. EGYPT TO RECOGNIZE COMMUNIST CHINA

Comment on:



Egypt's decision to recognize Communist China follows more than a year of diplomatic effort on the part of the Chinese Communists to establish official contacts with Middle East governments. Since the Bandung conference, Peiping has concentrated on Egypt, referred to in Chinese Communist propaganda as "leader of the Arab states."

Last August Peiping signed a three-year trade agreement with the Egyptians, and the Chinese Communists currently maintain a commercial mission in Cairo

Since March, Cairo has been visited by the Chinese Communist minister of foreign trade and a 70-man cultural mission. In April, Peiping opened a commodity fair in Egypt.

Egypt--where the Chinese Nationalists have maintained an embassy--is the first Middle East state to recognize Peiping. With the exception of Nepal, it is the only country to have extended recognition since 1950. Of the other Arab states, Syria is the most likely to follow Egypt's lead in the immediate future,



During the past six months Chinese Nationalist representatives in the Middle East have sought without success to bolster Taipei's prestige in the area. The Nationalists' most recent effort has been an attempt to have their ambassador to Egypt accredited also as ambassador to Saudi Arabia.

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3. MENDES-FRANCE REPORTED READY TO RESIGN FROM FRENCH GOVERNMENT



Pierre Mendes-France, who is acting French premier while Mollet is in Moscow, told an American newspaper publisher on 15 May that he plans to resign from the government in "about a week." Mendes-France reportedly added that another Radical Socialist and a Socialist would resign with him.

The American embassy in Paris does not believe that such a move, presumably based on Mendes-France's opposition to Socialist financial policy, would cause the fall of the government.

Comment

At a 4 May Radical Socialist Party meeting, Mendes-France warned against a rupture with the Socialist Party and a breaking up of the Republican Front. At that time he stated that he had an obligation to remain in the government in the hope of influencing its policy on Algeria toward political reforms which would permit the coexistence of the French and Moslem communities there. He may now feel, however, that he no longer wishes to be associated with a policy which might result in the loss of Algeria.

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4. POLISH AMBASSADOR IN PARIS COMMENTS ON POLISH PROBLEMS

 At a French reception for Tito, Polish ambassador Gajewski told Ambassador Dillon that the Poles had moved much further with "de-Stalinization" than any of the other countries of Eastern Europe.

He expects extensive changes in the composition of the Warsaw government.

Gajewski said that because of Poland's geographic position it would have to stay on a friendly basis with the USSR. He added that no matter what the rights and wrongs of the matter were, Poland's eastern boundary was "fixed forevermore and therefore the Poles could not afford any change" in the Oder-Neisse frontier.

The Polish envoy also said that the one thing the Poles feared most was German militarism. When asked why Poland had then not objected to the establishment of an army in East Germany, he replied, "Don't believe for a minute that we Poles consider East Germans to be anything but Germans."

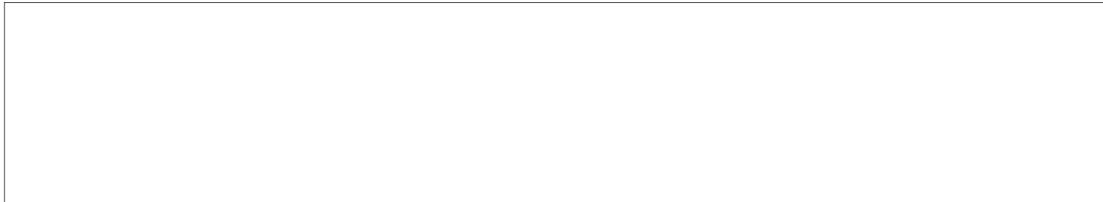
Comment

The Polish ambassador's views probably reflect the opinions of a large group of influential party members who are pushing to bring about a Polish form of Communist development. The new party first secretary, Edward Ochab, opposes their efforts, but has had little or no success in controlling the trend toward liberalization. 

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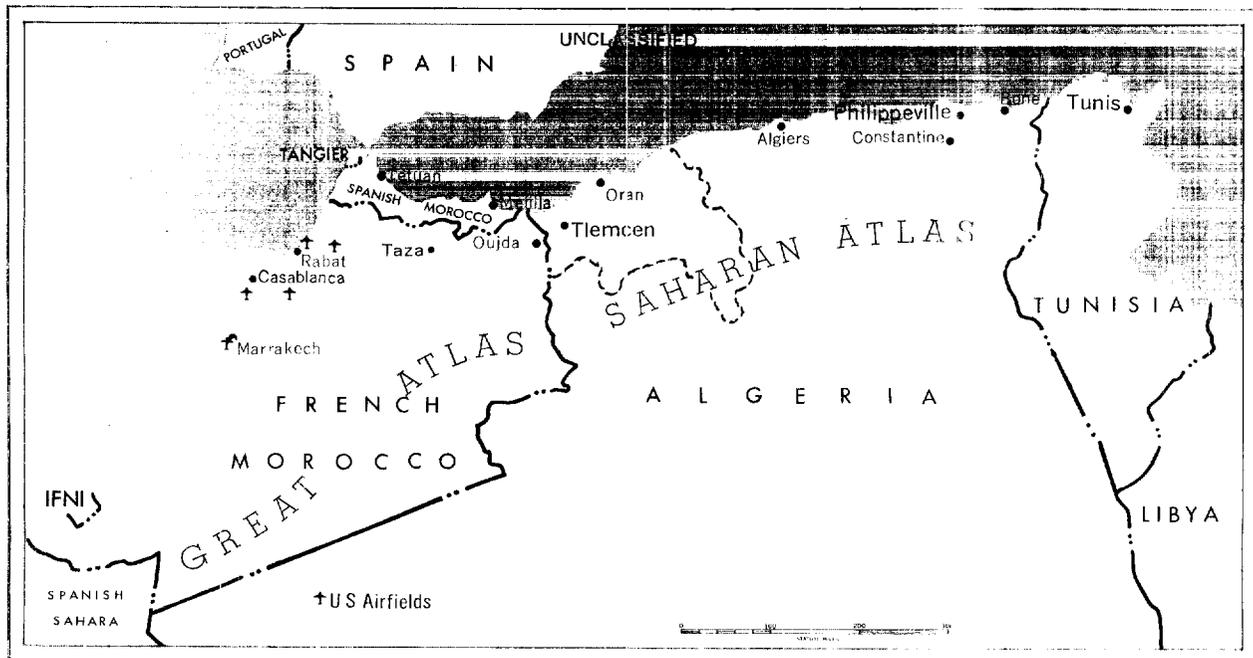
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5. ALGERIAN REBEL OFFENSIVE FORECAST WITHIN NEXT TWO MONTHS



[redacted] the recent flare-up of terrorism in the department of Oran and increased rebel activity near Algiers are merely diversionary tactics in preparation for a real rebel offensive either at Tlemcen (western Algeria) or Philippeville (eastern Algeria). This offensive would be coupled with the proclamation of an Algerian republic.

[redacted] action in western Algeria can be supported from Morocco, where some 4,000 to



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5,000 trained rebels are allegedly concentrated. [REDACTED]

Comment

[REDACTED] uniformly pessimistic regarding the future French position in North Africa and anticipate that it will take several months to improve the situation substantially. Meanwhile, the "Army of Liberation," which has been in stand-by status in northern Morocco for the past two months, is probably providing reinforcements and procuring materiel for use by Algerian rebels. This organization, however, has thus far been responsive to commands of the sultan.

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6. SUHRAWARDY REPORTEDLY SOON TO BECOME
PAKISTAN'S PRIME MINISTER

Comment

Suhrawardy flew to East Pakistan on 12 May and to Lahore, capital of West Pakistan, on 13 May, probably to enlist support for this arrangement. During his trip he issued statements supporting the Republican Party and Karachi's efforts to relieve the food shortage in East Pakistan.

These statements strongly suggest that Suhrawardy, having actually reached an amicable agreement with Mirza and Chaudhri Mohammad Ali, is working with them against the West Pakistani Moslem League group and dissident forces in East Pakistan who are challenging the government's authority.

Suhrawardy's public support on 13 May of American military aid to Pakistan was probably also intended to set the stage for him to become prime minister.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 16 May)

[REDACTED]

[REDACTED] a Soviet ship unloaded a cargo of arms at Latakia on about 9 May which included 30 or 40 armored personnel carriers, artillery and submachine guns.

[REDACTED] MIG-15's may have arrived with this shipment. The American army attaché reports that between six and eight self-propelled guns, resembling the SU-100, were observed moving south from Latakia--the first indication that such weapons are in Syria. [REDACTED]

[REDACTED]

According to the American air attaché in Egypt, the main runway at Kabrit airfield in the Canal Zone is being extended to 9,000 feet. Kabrit, and a similar airfield at Abu Suweir, appear destined to be used by IL-28 units. [REDACTED]

[REDACTED]

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BIWEEKLY SUMMARY
3-16 May 1956

THE TAIWAN STRAIT

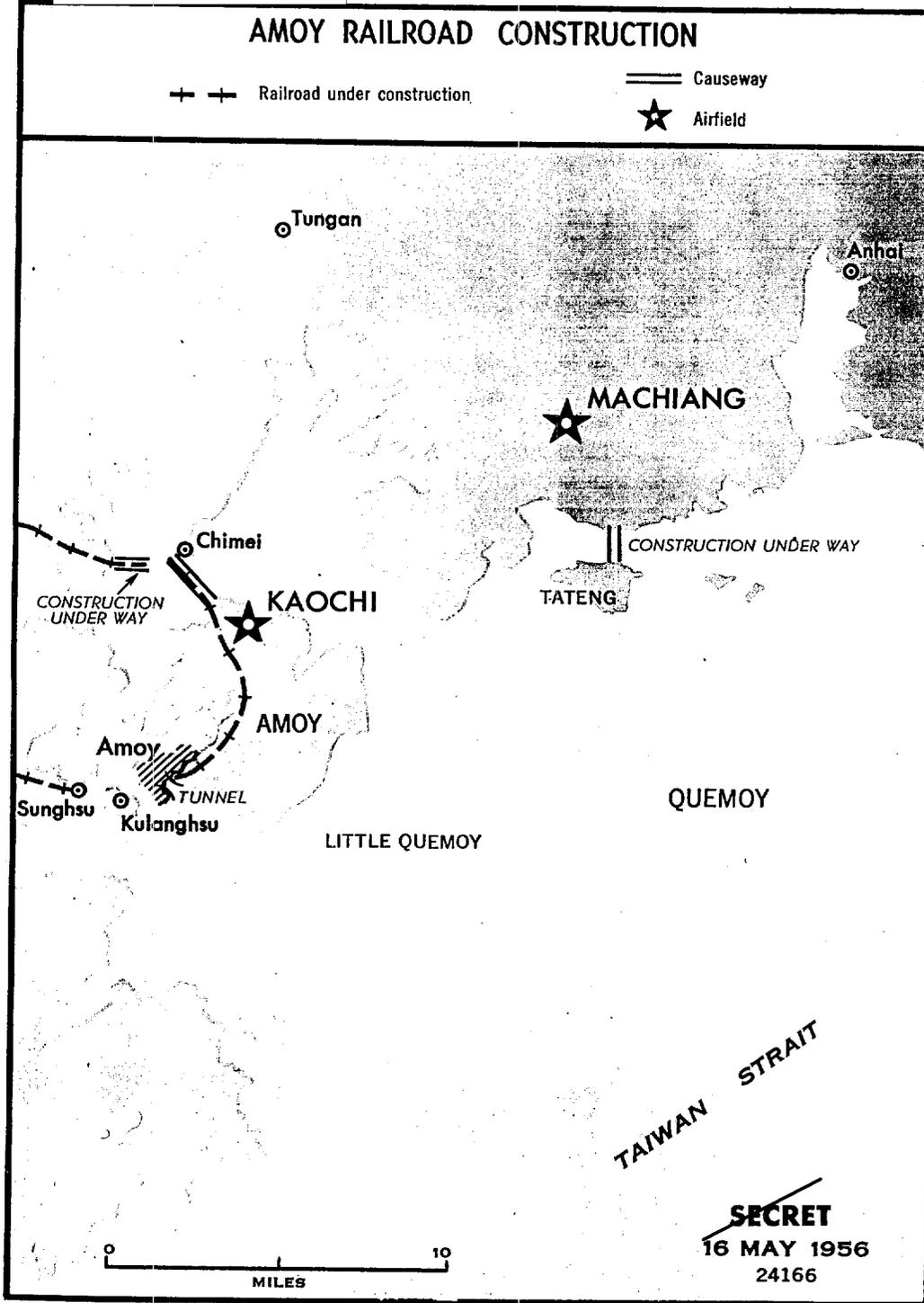
**Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem**

1. There was no significant combat activity during the period. [redacted]
2. [redacted] the Chinese Communists are extending the Fukien rail line over two causeways and south across Amoy Island to the commercial port facilities on Amoy. It is expected that the rail line will be completed late this year. Opening of Amoy harbor, one of the finest on the East China coast, would require neutralization of Nationalist forces on Quemoy. The shipping lane to Amoy is vulnerable to Nationalist artillery from Quemoy.
[redacted]
3. [redacted] over 50 Chinese Communist field artillery pieces and about 140 vehicles in five separate parks about 50 miles north of Amoy. A training area has been reported in this general location, but [redacted] may reflect a reinforcement of Communist artillery strength near Amoy. [redacted]
4. Rotation of Chinese Nationalist troops between Quemoy and Taiwan is scheduled to resume on 10 June. Present plans envisage the eventual replacement of all troops which were on Quemoy before August 1955. About 50 percent of these troops remain to be rotated. The replacement will provide Quemoy with units that have had recent divisional training on Taiwan under MAAG supervision, and also give an opportunity for the relieved units to receive the same training. [redacted]

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TAIWAN STRAIT SITUATION

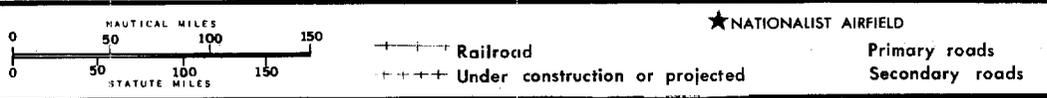
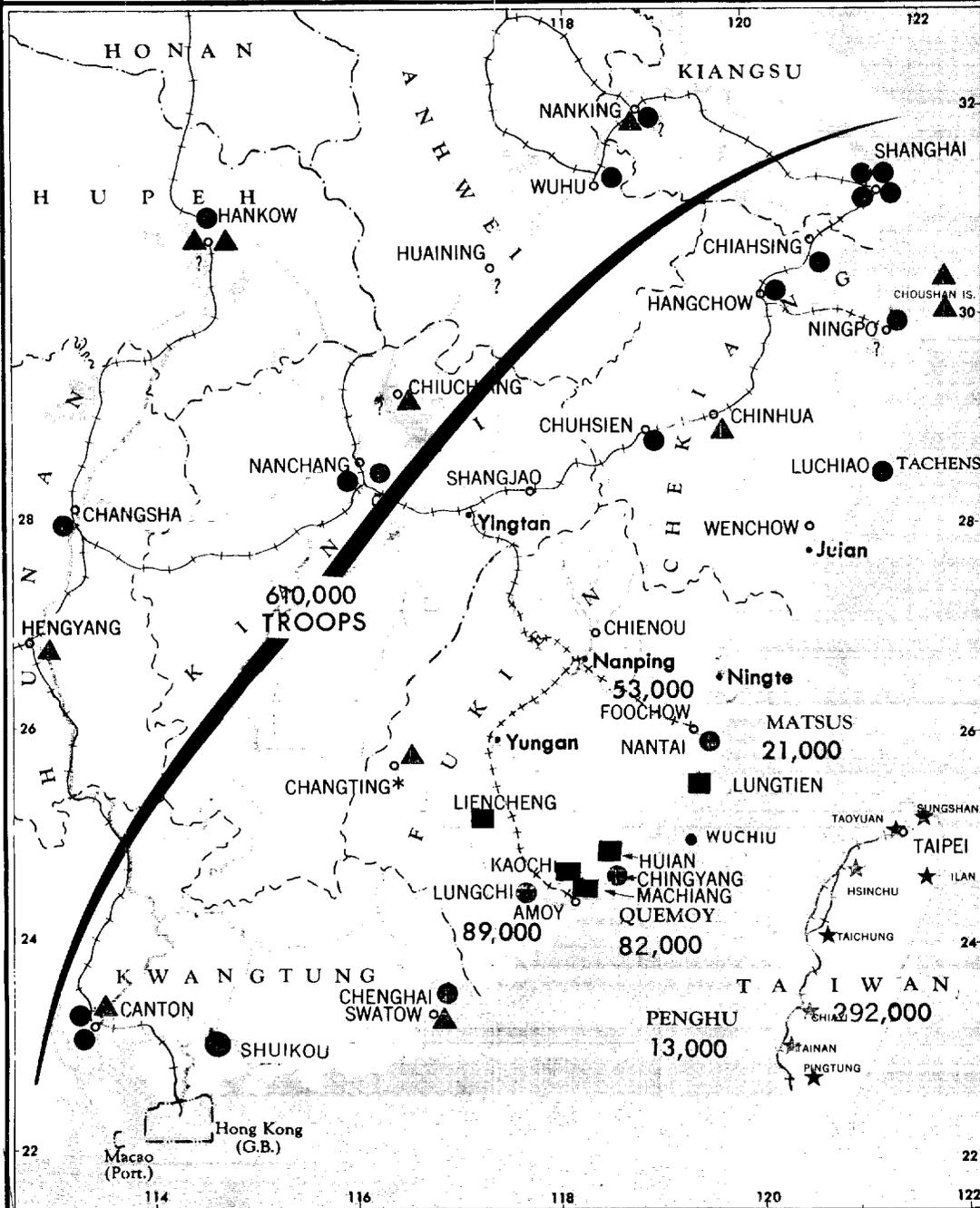
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CHINESE COMMUNIST AIRFIELD LEGEND:

DESIGNATIONS	PRIMARY AIRFIELD CONSIDERED MOST IMPORTANT IN AREA WITH PREPARED RUNWAY GENERALLY 5000 FEET OR LONGER.		SECONDARY AIRFIELD AUXILIARY OR EMERGENCY BASES OR FIELDS OF LESSER IMPORTANCE. RUNWAYS GENERALLY LESS THAN 5000 FEET.	
	●	▲	▲	▲
ACTIVE BASE FOR MILITARY & CIVILIAN AIR-CRAFT. SOME BASES USED BY PISTON TYPES MAY BE USABLE BY JETS	●	OPERATIONAL	▲	
INACTIVE BASES CAPABLE OF USE BY AIRCRAFT	●	SERVICEABLE	▲	
CURRENT STATUS UNDETERMINED		UNKNOWN		

USABILITY			
+	I	?	■
MIG-15	TU-2,		
MIG-17	IL-10	UNKNOWN	UNDER CONSTRUCTION
TU-4	LA-9/11		
IL-28	LI-2		
	ETC.		

* FIELDS NOT CONSIDERED CAPABLE OF SUPPORTING SUSTAINED OPERATIONS AT PRESENT.



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